

Preface

The City of Detroit is located in Southeastern Michigan and is the nation's tenth largest city based on the 2000 census. It is the central city of a metropolitan area with a population of 4.6 million. Detroit is the largest city in Michigan and comprises 46% of Wayne County's population. Settled in 1701 and incorporated in 1815, Detroit today encompasses 139.6 square miles.

Pursuant to the provisions of the State Constitution, Detroit is a home rule city with significant independent powers. In accordance with the Charter, the governance of the City is organized in two branches: the executive branch, which is headed by the Mayor, and the legislative branch, which is composed of the City Council and its agencies. In addition, the City now finances and administers the 36th District Court, Michigan's largest limited jurisdiction court. While State legislation in 1999 made the Mayor responsible to appoint 6 of the 7 board members of the separate Detroit Public School jurisdiction, this legislation sunsetted in 2004.

The Mayor as chief executive of the City has control of and is accountable for the executive branch of City government. The Charter grants the Mayor broad managerial powers, including appointment of most department directors and deputy directors. The City Council, composed of nine members elected at large for 4-year terms, is the City's legislative body. The City Council has the power to override the Mayor's veto with a two-thirds majority of its members.

The Charter provides that the voters of the City reserve the power to enact City ordinances by initiative, and to nullify ordinances enacted by the City by referendum. However, these powers do not extend to the budget or any ordinance for the appropriation of money, and the referendum power does not extend to any emergency ordinance.

Financial operations of the City are carried out through the appointed positions of Finance Director and Budget Director. The Finance Director is the Chief Financial Officer of the City overseeing most financial functions, including coordinating financial activities, collecting and disbursing funds, directing accounting procedures, purchasing goods and services and the assessing of property in the City. The Budget Director is responsible for development and monitoring of program and service objectives, controlling and supervising the expenditure of funds, long term financial planning, and for assisting the Mayor in the preparation of the City's annual budget and long-term capital agenda.

The City's fiscal year is July 1 through June 30. The City utilizes a computer-based central accounting and financial reporting system referred to as DRMS (Detroit Resource Management System). Under DRMS, each department and agency receives financial information along appropriation, organization, program and project lines. This information is used to allocate financial resources and to control actual expenditures in relation to the amended budget. In addition, historical information from these reports may be used for analysis and preparation of the annual financial report.

ANNUAL BUDGET. The City Charter prescribes the general content and process of developing the City's annual budget. The City's annual budget constitutes a financial plan for the next fiscal year, which is required to set forth all estimated revenues and all appropriations. Proposed capital appropriations are included. Any deficit during the preceding year is entered into the budget for the next fiscal year as an appropriation. One-half of any surplus is credited to the Budget Stabilization Fund with the remainder being included as a revenue in the following year. The total of proposed expenditures cannot exceed the total of estimated revenues so that the budget as submitted is a "balanced" budget.

The initial budget, which includes all department estimates of revenues and expenditures for the fiscal year beginning July 1, is submitted to the Mayor by the Budget Department on or before the preceding February 22. The Budget Department holds public budget meetings every October, receives budget requests from departments by December 8, then holds hearings with each before submitting the recommendations to the Mayor. The Mayor may revise the budget prior to submitting it to the City Council on or before April 12, the date for budget submission to the City Council established by City ordinance.

Prior to approval of the budget, the City Council holds hearings with various department and agency heads and also holds a public hearing. In addition, the Auditor General prepares an analysis of the proposed budget for the City Council. The City Council may amend the budget as presented by the Mayor, on or before May 24. The Council may override any Mayoral veto of these amendments, by a two-thirds vote of the members within 3 business days following the Mayoral veto. Under the City Code, the

City Council's reconsideration of the budget must be completed within the longer of 3 calendar days or 2 business days following the maximum return date of the budget by the Mayor and any Mayoral veto.

The adoption of the budget provides for: 1) appropriations of specified amounts from funds indicated, 2) a specified levy of the property tax, and 3) provision for the issuance of bonds specified in the capital program. The budget document as adopted becomes the basis for establishing revenues and expenditures for the fiscal year following the fiscal year of passage. The Charter requires that appropriations be made in lump sums to the agencies' specific programs, services or activities, or to additional classifications as the Mayor may recommend. Within an appropriation, the Mayor is given the responsibility of allocating financial resources to labor, equipment, supplies and materials in a manner which appears most suitable and economical in a given situation. However, the accounts of each agency are maintained in such detail as required by generally accepted standards of financial reporting.

The appropriation for every function of each City department is a fixed expenditure and may not be exceeded without City Council approval. If during the fiscal year the Mayor advises the City Council that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess. In the case of revenue shortfalls, the Mayor may request that the City Council decrease certain appropriations. The Mayor is under no obligation to spend an entire appropriation. Also, at any time during the fiscal year, the City Council, upon written request by the Mayor, may transfer all or part of any unencumbered appropriation balance among programs, services or activities within an agency or from one agency to another.

In the Spring of 1995, the City began a shift to results-oriented program management and evaluation. In 2002, the Kilpatrick Administration began to reorganize City government, with input from the broad-based Committee on Operational and Financial Reengineering. In 2003, Detroit CITITRAK was introduced to monitor and manage agency performance at the highest levels. Every year since 2002, departmental consolidations have been proposed in order to right-size the city government. The Kilpatrick Administration has stated a citywide vision, mission and strategic priorities, to frame agency-level operational planning.

VISION: Detroit will be a City where children and families grow and flourish in clean, safe neighborhoods that give them access to the world.

MISSION FOR THE CITY OF DETROIT: Grow Detroit

STRATEGIC PRIORITIES FOR 2005-2006 BUDGET:

- ❖ Improve Financial Health
- ❖ Accelerate Economic & Business Development
- ❖ Improve Public Safety
- ❖ Improve City Services
- ❖ Improve Key Stakeholder Relationships

